Congressional Report Says Benefits Of 'Clear Skies' Less Than Competing Bills

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The health benefits from President Bush's Clear Skies Initiative (S. 131) would be substantially less than those from two competing Senate bills to reduce air pollution from power plants, according to a report from the Congressional Research Service.

In addition, the Environmental Protection Agency in its own analysis of the multipollutant legislation may have overestimated the cost of the competing bills, which have stricter pollution control standards, and underestimated their benefits when compared to Clear Skies, the CRS report said.

"EPA's benefit analysis is limited and incomplete, which works to the disadvantage of alternatives to Clear Skies that include more stringent standards," according to the report, Costs and Benefits of Clear Skies: EPA's Analysis of Multi-Pollutant Clean Air Bills.

The report was dated Nov. 23 and obtained by BNA Nov. 30. EPA released its analysis Oct. 27 (230 DER A-28, 12/1/05).

The CRS report said "Clear Skies' costs and benefits are minimal," compared to programs EPA is already implementing under the Clean Air Act.

It said that S. 843, introduced in 2003 by Sen. Thomas Carper (D-Del.), would have annual net benefits eight times those of Clear Skies in 2010 and five times greater in 2020. Carper has not offered multipollutant legislation in the current Congress.

Legislation (S. 150) introduced in January by Sen. James Jeffords (I-Vt.) would have 10 times the Clear Skies benefits in 2010 and 16 times the benefits in 2020, according to the research service.

The CRS estimate forecasts far greater benefits, relative to the Clear Skies legislation, for the Jeffords and Carper bills. EPA said the Carper bill would have slightly less than twice the benefits of Clear Skies in 2010 and Jeffords slightly more than twice the benefits.

CRS reports are produced for members of Congress and their staffs for use in crafting legislation. The reports are usually produced at the request of members of Congress. A Democratic aide for the Senate Environment and Public Works Committee said, however, that CRS produced this report at its own initiative in anticipation of questions about the EPA analysis.

EPA did not respond to a request for comment, but the Democratic aide said the CRS report is "further confirmation" that the Jeffords and Carper bills would have superior environmental benefits at a reasonable cost.

However, John Kinsman, director of air quality programs for the Edison Electric Institute, said the report still showed the Carper and Jeffords bills would cost billions of dollars more than either current regulations or Clear Skies.

"Those numbers are their take—a reanalysis," Kinsman told BNA in an e-mail message. "I think it is presumptuous for CRS to essentially say in their summary that their numbers are right and EPA's are wrong."

Deaths Prevented Vary.

According to CRS, the Jeffords bill would prevent 16,000 deaths in 2010, compared to 10,000 under the Carper legislation and 1,000 under Clear Skies.

Clear Skies aims to reduce power plant emissions of three pollutants by about 70 percent by 2018 using emissions trading. However, features of the emissions trading program would result in a delay in reaching this goal until well past 2020. The pollutants targeted by Clear Skies are nitrogen oxides and sulfur dioxide, which lead to ozone and fine particle formation, and mercury.

Both the Carper and Jeffords bills have significantly tighter emissions caps and deadlines, with the Jeffords bill being the most stringent. Both bills also would cap carbon dioxide emissions from power plants, although Carper would allow power plants to seek offsetting reductions from other sources, or equivalent projects, such as tree planting.

Carbon dioxide is the chief greenhouse gas blamed for global warming.

The Environment and Public Works Committee rejected Clear Skies in a tie vote March 9 after Jeffords, Carper, and other committee Democrats were unable to reach a compromise with Republicans (46 DER A-20, 03/10/05).

In response to a request from Carper, EPA produced an analysis of the three proposals Oct. 27 that said that while the Carper and Jeffords proposals would have significantly greater health benefits than Clear Skies, they also would have dramatically higher costs.

Costs Lower Than EPA Estimates.

The CRS report reanalyzed the EPA data using a scenario that assumed that higher electricity prices from the Carper and Jeffords bills would reduce demand for electricity, and found that the costs estimated by EPA for Carper and Jeffords were too high. CRS also considered the effects of the Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR). Finalized by EPA in 2005, these rules implement much of the emissions reductions in Clear Skies.

Kinsman said there was no need for CRS to include these rules in the baseline because EPA did a separate analysis of the costs and benefits of these rules, as well as of the Clear Skies legislation and the Carper and Jeffords bills.

According to CRS, EPA overestimated the costs of all the bills. For example, CRS said the cost for Clear Skies in 2010 would be $200 million, compared with EPA's estimate of $2.9 billion. The costs would be $4.2 billion for Carper, and $23.6 billion for Jeffords, about half of the EPA estimates.

In 2020, the costs would be zero for Clear Skies, $3 billion for Carper, and $18.1 billion for Jeffords. EPA had estimated the costs of the Carper bill would increase to $9.5 billion and of the Jeffords bill to $50.8 billion in 2020.

One of the reasons the EPA analysis overestimated the cost of Carper and Jeffords is because it assumed that insufficient skilled labor existed to install the emissions controls in the timeframes called for by the two bills, the CRS report said. EPA estimated that a shortage of workers would drive up the cost of labor and in some cases force power plants to switch to more expensive natural gas.

CRS noted, however, that the Institute of Clean Air Companies, which represents emissions control manufacturers, has stated that skilled labor exists in sufficient numbers to install emissions controls on a much tighter timeframe than envisioned by EPA (119 DER A-24, 06/22/04).

Mercury Control Costs Overestimated.

CRS also said EPA used outdated assumptions to estimate the cost and feasibility of rapid, steep mercury controls envisioned in the Jeffords and Carper bills. The EPA analysis was based on data from 2003, the CRS report said.

According to CRS, “the effectiveness of mercury control technology has advanced rapidly since 2003. Thus, we conclude that the present analysis may overstate the cost of emission controls for mercury by a substantial margin.”

Because if factored in the health benefits from the interstate rule and the mercury rule and EPA did not, the CRS analysis estimates lower benefits for all the legislation than EPA did. However, the relative difference between Clear Skies and Carper-Jeffords is greater in the CRS report.

CRS found only a $6 billion health benefit for Clear Skies in 2010 and a $3 billion health benefit in 2020. The health benefits would be due to reduced deaths, heart attacks, asthma attacks, and other health effects.

The Carper proposal would have $51 billion in health benefits in 2010 and $19 billion in 2020. The Jeffords bill would have $83 billion in health benefits in 2010 and $66 billion in 2020, according to CRS.

EPA found that Clear Skies would have $68 billion-$79 billion in health benefits in 2010, while the Carper bill would have benefits of $109 billion-$128 billion in benefits and Jeffords would have benefits of $139 billion-$162 billion.

Industry Produced Analysis.

The Edison Electric Institute produced a draft analysis Nov. 15 that said the EPA analysis underestimated the costs of the Carper bill. In particular, EEI said EPA underestimated the cost of carbon dioxide allowances under the emissions trading program Carper would use to control carbon dioxide.

EPA said carbon dioxide allowances under Carper would trade for $1 a ton in 2010 and $2 a ton in 2020. EEI noted an earlier analysis by the Energy Information Administration that said the allowances would trade for $1-6 per ton in 2010, and $6-15 per ton in 2020 (189 DER A-28, 09/30/03).

EEI also said the natural gas price assumed by EPA was tool low, about one-third of today's cost. This artificially lowered the cost of the Carper bill in the EPA analysis, EEI said.

EPA also ignored uncertainty about fine particles as the cause of premature death, the institute said.

The Congressional Research Service Report, Costs and Benefits of Clear Skies: EPA's Analysis of Multi-Pollutant Clean Air Bills, is published in the Text section.

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